

Message Text

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ACTION SS-25

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 7724

C O N F I D E N T I A L SECTION 01 OF 03 PARIS 07155

EXDIS

FOR THE SECRETARY

E.O. 11652: GDS

TAGS: ENRG, FR

SUBJECT: FRANCE/IEA COORDINATION ON ALTERNATIVE SOURCES,
PRODUCER/CONSUMER PREPCOM

1. FOLLOWING IS REPORTING CABLE ON FRENCH CONTACTS.
ANALYSIS AND RECOMMENDATION FOLLOW SEPTTEL.

2. AT BILATERAL DINNER WITH FRENCH MARCH 19, ENDERS
SOUGHT CLARIFICATION OF FRENCH INTENTIONS ON ASSOCIATING
THEMSELVES WITH ALTERNATIVE SOURCES POLICY WHICH IEA WAS
EXPECTED TO ADOPT MARCH 20. ENDERS SAID MARTINIQUE
TIMETABLE HAD BEEN WORKING PRETTY WELL UP TO NOW. PHASE
ONE WAS VIRTUALLY COMPLETED AND WE WERE APPROACHING
PHASE TWO, THE PREPARATORY MEETING. THE AGREEMENT BEING
WORKED OUT IN THE IEA WOULD INVOLVE MECHANISMS WHICH
WOULD HAVE TO BE APPLIED BY THE EC AS A WHOLE. THE
FACT THAT ONLY EIGHT OF THE NINE EC MEMBERS WERE IN THE
IEA MADE THE FRENCH ATTITUDE RELEVANT. WE DID NOT WANT
TO MOVE AHEAD WITH IDEAS WHICH WERE INCOMPATIBLE WITH
FRENCH IDEAS BECAUSE WE WOULD SOON FIND OURSELVES ON A
COLLISION COURSE WITH FRANCE.

3. DE GUIRINGAUD SAID HE COULD NOT MAKE AN OFFICIAL
STATEMENT OF THE FRENCH POSITION AT THE PRESENT TIME.
THE EC WOULD FIRST HAVE TO BE SEIZED OF THE MATTER ON
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THE BASIS OF PROPOSALS TO BE MADE BY THE COMMISSION.

AFTER PRELIMINARY EC DISCUSSION, THE FRENCH GOVERNMENT WOULD HAVE TO CONSIDER THE MATTER AND MAKE ITS OWN DECISION.

4. ENDERS REPLIED THAT THIS UNCERTAINTY ABOUT FRENCH INTENTIONS POSED A PROBLEM. WE DID NOT NEED TO HAVE AGREEMENT NOW ON THE DETAILS OF THE SYSTEM. THESE COULD BE WORKED OUT IN PHASE THREE, BUT WE NEEDED TO KNOW NOW WHETHER THE GOF IS SYMPATHETIC TO THE BASIC PRINCIPLES -- THAT IS, A MINIMUM PROTECTED PRICE APPLIED IN A MULTILATERAL SYSTEM. IF THE GOF WAS OPPOSED TO THE MECHANISM OR THE PRINCIPLE OF MULTILATERAL APPLICATION, THEN WE RISKED FINDING OURSELVES IN A GRAVE SITUATION.

5. DE GUIRINGAUD SAID HE DID NOT THINK THE RISK WAS VERY GREAT. WHILE HE COULD NOT GIVE A PRECISE ANSWER NOW, HE COULD SAY, SPEAKING PERSONALLY, THE SYSTEM BEING DISCUSSED IN THE IEA WAS NOT INCOMPATIBLE WITH FRENCH VIEWS, WITH ONE IMPORTANT PROVISIO, NAMELY, THAT THE PROPOSED MINIMUM PROTECTED PRICE NOT BE A HIGH PRICE. HE SAID THIS WAS IMPORTANT POINT FOR THE GOF.

6. ENDERS SAID HE WANTED TO MAKE CLEAR OUR ABILITY TO MOVE TO PHASE TWO DEPENDED ON SUCCESSFUL COMPLETION OF PHASE ONE. ON THE TIMETABLE DE GUIRINGAUD HAD SKETCHED, THE FRENCH ATTITUDE MIGHT NOT BE KNOWN UNTIL APRIL. WHILE WE WERE NOT ASKING FOR A FORMAL COMMITMENT FROM THE GOF NOW, IN MOVING FROM PHASE ONE TO PHASE TWO WE MUST MAKE A HYPOTHESIS ON FRANCE'S ATTITUDE TOWARD PARTICIPATION THROUGH THE EC IN THE ELABORATION OF ALTERNATIVE SOURCES POLICY BLOCKED OUT IN THE IEA. FROM WHAT WE HAVE BEEN TOLD BEFORE, AT MANY LEVELS, THE HYPOTHESIS SHOULD BE POSITIVE. IF THERE WERE QUESTIONS ABOUT THAT, WE SHOULD KNOW. ENDERS ASKED DE GUIRINGAUD TO REFLECT ON THIS HYPOTHESIS AND TO LET US KNOW THE RESULTS OF THIS REFLECTION AS SOON AS POSSIBLE. DE GUIRINGAUD PROMISED TO DO THIS.

7. ENDERS THEN TURNED TO THE QUESTION OF THE REPRESENTA-
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TION OF THE IEA AT THE PREPARATORY MEETING. DE GUIRINGAUD SAID FRANCE PROPOSED TO INVITE BOTH THE OECD IN ITS OWN RIGHT AND THE IEA AS AN AGENCY WITHIN THE OECD, TO BE REPRESENTED WITH SEPARATE REPRESENTATIVES BUT SITTING BEHIND A SINGLE NAMEPLATE. ANSWERING ENDERS' QUESTION, HE SAID HE PLANNED TO INVITE THE UN AND OPEC TO SEND OBSERVERS. ENDERS ASKED WHETHER DE GUIRINGAUD AS

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 7725

C O N F I D E N T I A L SECTION 02 OF 03 PARIS 07155

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TECHNICAL CHAIRMAN WOULD RECOGNIZE BOTH THE OECD AND THE IEA REPRESENTATIVES IF THEY ASKED TO SPEAK. DE GUIRINGAUD SAID HE WOULD. ENDERS THEN ASKED WHY HE INSISTED ON A SINGLE NAMEPLATE. DE GUIRINGAUD REPLIED BECAUSE IEA WAS PART OF THE OECD. ENDERS SAID IT WAS AN AUTONOMOUS AGENCY WITHIN THE OECD. THEREFORE, IT WAS LOGICAL TO HAVE SEPARATE NAMEPLATES. DE GUIRINGAUD SAID DAVIGNON HAD TOLD HIM A SINGLE NAMEPLATE WAS ACCEPTABLE. ENDERS REPLIED THAT THERE WAS NO IEA POSITION ON THIS AS YET AND THAT DAVIGNON WAS THEREFORE NOT AUTHORIZED TO EXPRESS SUCH A VIEW IN THE NAME OF THE IEA. HE SAID AT THE MARCH 20 MEETING OF THE GOVERNING BOARD, THE U.S. GOVERNMENT WOULD FORMALLY PROPOSE TWO NAMEPLATES: ONE FOR THE OECD, THE SECOND FOR OECD/IEA. THIS SEEMED CONSISTENT WITH THE VIEW EXPRESSED BY DE GUIRINGAUD AT THE FRANCO-AMERICAN BREAKFAST ON MARCH 7. DE GUIRINGAUD REPLIED THAT THE GOF JUST COULDN'T SEE TWO NAMEPLATES. HE HOPED THE IEA WOULD AUTHORIZE DAVIGNON TO ACCEPT ONE. THIS WOULD MAKE THINGS MUCH EASIER FOR THE OTHER PARTICIPANTS. ENDERS SUGGESTED THAT THEY COULD INVITE JUST DAVIGNON, REPRESENTING BOTH THE OECD AND THE IEA. DE GUIRINGAUD REPLIED THAT THIS WAS NOT ACCEPTABLE. FIRST, THE GOF WAS IN THE OECD BUT NOT IN THE IEA. SECONDLY, THE PREPARATORY MEETING WOULD UNDOUBTEDLY BE TALKING ABOUT QUESTIONS OTHER THAN ENERGY. ENDERS CLOSED OFF THE DISCUSSION OF THIS QUESTION BY SAYING THAT THE PROBLEM WOULD BE DISCUSSED

IN THE IEA AND DAVIGNON WOULD THEN TALK TO THE FRENCH.
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8. THE MEETING CONCLUDED WITH A RATHER LENGTHY DISCUSSION OF PROCEDURAL MATTERS CONCERNING THE PREPARATORY MEETING. THE FOLLOWING SIGNIFICANT POINTS EMERGED:

A. DE GUIRINGAUD SAID THE FRENCH WISHED THE MEETING TO BE ENTIRELY PROCEDURAL, LIMITED TO SUCH QUESTIONS AS COMPOSITION, DATE, SITE, AND AGENDA OF THE PRODUCER-CONSUMER CONFERENCE. HE ENVISAGED NO SUBSTANTIVE DISCUSSION AND PROMISED TO USE HIS POSITION AS CHAIRMAN TO CUT OFF SUBSTANTIVE DISCUSSION. HE HOPED FOR A SHORT MEETING, PREFERABLY NO MORE THAN THREE OR FOUR DAYS. ENDERS SAID THAT A BRIEF, WHOLLY PROCEDURAL MEETING SUCH AS DEFINED AT MARTINIQUE WAS ALSO OUR WISH.

B. ENDERS SAID WE ARE NOT HOSTILE TO THE ALGERIAN FORMULA FOR REPRESENTATION AT THE MAIN CONFERENCE (I.E., 12 INDUSTRIALIZED COUNTRIES AND 12 DEVELOPING COUNTRIES, COMPRISED EQUALLY OF PRODUCING AND CONSUMING LDC'S). DE GUIRINGAUD EXPRESSED SOME PREFERENCE FOR THE TRIPARTITE APPROACH WITH SIX OF EACH CATEGORY, NOTING THAT SUCH A FORMULA MAKES IT EASIER TO SOLVE THE PROBLEM OF EC REPRESENTATION (WHICH COULD BE ONE, RATHER THAN SOME NUMBER BETWEEN ONE AND NINE, WHICH IS ALMOST INTOLERABLE FOR THE COMMUNITY). DE GUIRINGAUD ALSO NOTED THE FRENCH VIEW THAT THE OECD SHOULD DECIDE THE COMPOSITION OF CONSUMER COUNTRY PARTICIPATION.

C. DE GUIRINGAUD AGREED TO APPLY UNANIMITY RATHER THAN CONSENSUS FOR THE PREPCOM RULE OF PROCEDURE.

D. DE GUIRINGAUD THOUGHT IT WOULD BE IMPOSSIBLE TO KEEP THE SUBJECT OF OTHER RAW MATERIALS OFF THE AGENDA. ENDERS SAID WE WOULD LIKE TO AVOID THIS BUT AGREED IT MIGHT BE IMPOSSIBLE.

E. DE GUIRINGAUD INDICATED AGREEMENT WITH ENDERS' STATEMENT THAT WE COULD NOT PROCEED TO PHASE FOUR (CONVENING OF FULL CONFERENCE) UNTIL PHASE THREE (INTENSIVE CONSULTATION ON CONSUMER POSITIONS) HAD BEEN COMPLETED.

9. ON MARCH 20 ENDERS CALLED ON BROSSOLETTE, SECRETARY GENERAL OF THE ELYSEE, AND DISCUSSED WITH HIM THE QUESTION OF FRENCH INTENTIONS ON ASSOCIATING THEMSELVES
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WITH THE ALTERNATIVE SOURCES POLICY. HE TOLD BROSSO-
LETTE WE NEEDED TO HAVE SOME ASSURANCE THAT THE GENERAL
PRINCIPLES OF THE ALTERNATIVE SOURCES POLICY WERE NOT
CONTRARY TO FRENCH IDEAS AS WE MOVE FROM PHASE ONE TO
PHASE TWO, SINCE THE EC COULD BEST PARTICIPATE IN THE
MULTILATERAL SYSTEM ENVISAGED WITH FRANCE. BROSSOLETTE
SAID COORDINATION OF FRANCE'S POSITION WITH THE IEA WAS
SOMETHING WHICH WOULD BE TACKLED IN PHASE THREE. HE
ASKED WHETHER WE WERE NOT COMPLICATING THINGS BY
DEMANDING ASSURANCES THAT PHASE THREE WOULD GO WELL
BEFORE AGREEING TO MOVE TO PHASE TWO. THE FRENCH
BELIEVE THAT THE FOUR PHASES OF MARTINIQUE SHOULD
PROCEED ONE BY ONE. IF THE CONSUMERS FAILED TO REACH
AGREEMENT IN PHASE THREE, THEN PHASE FOUR, THE PRODUCER-
CONSUMER CONFERENCE, WOULD SIMPLY NOT TAKE PLACE. IN

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TO SECSTATE WASHDC IMMEDIATE 7726

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THE FRENCH VIEW IT WAS NOT VITAL TO HAVE ADVANCE
ASSURANCES OF SUCCESS IN PHASE THREE BEFORE GOING FROM
PHASE ONE TO PHASE TWO.

10. ENDERS REPLIED THAT THE TWO PRESIDENTS HAD AGREED
AT MARTINIQUE THAT THE CONVOCAION OF A PREPARATORY
MEETING WAS DEPENDENT ON SUBSTANTIAL PROGRESS IN THE
THREE AREAS OF CONSUMER SOLIDARITY. THERE HAD BEEN GOOD
PROGRESS BUT TO ASSESS IT FULLY, WE MUST ALSO ESTIMATE
THE ATTITUDE OF THE EC AS A UNIT, AND THIS ALSO INCLUDES
FRANCE. THERE WAS ALSO A DANGER THAT IF, FOLLOWING THE

PREPARATORY MEETING, WE SHOULD DISCOVER INCOMPATIBLE APPROACHES IN PHASE THREE, THIS COULD RESULT IN A "DRAMATIC" SITUATION BETWEEN THE U.S. AND FRANCE AND BETWEEN FRANCE AND HER EUROPEAN COMMUNITY PARTNERS.

11. BROSSETTE COMPLAINED THAT THE MACHINERY FOR KEEPING FRANCE INFORMED OF PROGRESS WITHIN THE IEA HAD BEEN INADEQUATE. HE RECALLED THAT FRANCE HAD SUGGESTED THE CREATION OF AN AD HOC GROUP IN THE OECD FOR CONCERTING THE POSITIONS OF IEA AND NON-IEA COUNTRIES. THIS HAD BEEN BLOCKED BY THE U.S. THE DAVIGNON CHANNEL WAS NOT ACCEPTABLE. FRANCE DID NOT WANT TO DEAL WITH HIM IN HIS CAPACITY AS CHAIRMAN OF THE IEA, NOR DEPEND ON HIS OCCASIONAL VISITS TO PARIS TO LEARN WHAT WAS GOING ON. IEA DOCUMENTS, IT IS TRUE, DID FILTER THROUGH, BUT THIS WAS NOT ENOUGH.

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12. ENDERS SAID HE KNEW THAT THE FRENCH HAD BEEN HAVING CONTACTS WITH DAVIGNON. BROSSETTE REPLIED THAT THESE WERE NOT WORKING WELL. "DAVIGNON," HE SAID, "IRRITATES US BY EMPHASIZING HIS IMPORTANCE AS CHAIRMAN OF THE GOVERNING BOARD, AND WE SEEM TO IRRITATE HIM."

13. ENDERS OBSERVED THAT THE FRENCH ALSO HAD BILATERAL CONTACTS WITH THE U.S. AND THAT DE GUIRINGAUD, WITH WHOM THESE CONTACTS WERE MADE, HAD NOT COMPLAINED. BROSSETTE SAID THAT HE WAS NOT COMPLAINING EITHER, BUT HE REPEATED THE GOF HAD BEEN TRYING FOR MONTHS TO GET CONSULTATIVE MACHINERY ESTABLISHED IN THE OECD. THEY DID NOT WANT TO DEPEND ON THE OCCASIONAL CRUMBS OF INFORMATION THAT WERE DROPPED BEFORE THEM. THE ABSENCE OF ADEQUATE MACHINERY HAD RESULTED IN MUCH LOSS OF TIME.

14. BROSSETTE RECOGNIZED THAT THE COMMUNITY COULD NOT APPLY THE ALTERNATIVE SOURCES POLICY WITHOUT FRENCH CONCURRENCE. HE SAID HE COULD NOT AT THIS POINT SAY WHAT THE FRENCH POSITION WOULD BE BUT NEITHER COULD THE OTHER EC MEMBERS SAY WHAT THEIR POSITION WOULD BE. THIS HAD TO BE COORDINATED AMONG THE NINE.

15. ENDERS REPLIED THAT THE FRENCH HAD HAD THE TEXT OF THE BASIC IEA PAPER ON ALTERNATIVE SOURCES FOR TWO WEEKS. DE GUIRINGAUD HAD SAID, SPEAKING PERSONALLY, THAT THE GENERAL LINES OF THAT PAPER SEEMED ACCEPTABLE, PROVIDED THE LEVEL OF THE MINIMUM PROTECTED PRICE WAS NOT TOO HIGH.

16. BROSSETTE SAID HE HAD TWO OBSERVATIONS TO MAKE ON

FUNDAMENTALS. FIRST, HE WONDERED WHY WE DIDN'T USE A SYSTEM OF DIRECT AIDS OR GUARANTEES TO INVESTORS, RATHER THAN A PRICE MECHANISM, TO PROTECT INVESTMENT IN ALTERNATIVE SOURCES. ENDERS REPLIED THAT DIRECT AIDS WOULD NOT LEAD TO THE PRODUCTION OF ENOUGH ENERGY FROM OTHER SOURCES NOR REDUCE CONSUMPTION SUFFICIENTLY TO RESTORE PRICE EQUILIBRIUM IN THE WORLD MARKET.

17. BROSSOLETTE'S SECOND OBSERVATION WAS THAT PREPARATIONS FOR THE PREPARATORY MEETING HAD GONE SO FAR THAT
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IT DID NOT SEEM CONCEIVABLE TO HIM THAT THE U.S. OR ANY OTHER COUNTRY COULD NOW REFUSE TO ATTEND THE MEETING SIMPLY BECAUSE THERE HAD NOT BEEN FINAL AGREEMENT AMONG CONSUMERS ON THE ALTERNATIVE SOURCES POLICY. ENDERS NOTED THAT THE IEA MEMBERS HAD NOT YET FORMALLY REPLIED TO THE FRENCH INVITATION TO THE PREPARATORY MEETING.

18. BROSSOLETTE CONCLUDED BY SAYING THAT THE EC HAD SET UP AN AD HOC ENERGY COMMITTEE AT DUBLIN TO COORDINATE THE EC POSITION FOR THE ENERGY CONFERENCE. HE BELIEVED THAT THE EC WOULD SOON BE DISCUSSING IN THAT COMMITTEE QUESTIONS SUCH AS THE ONE ENDERS HAD RAISED WITH HIM. ENDERS ASKED WHETHER THIS WOULD TAKE PLACE BEFORE APRIL 7. BROSSOLETTE REPLIED THAT HE WAS SURE IT WOULD.
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